



**STATE OF ARIZONA
RETALIATORY STATEMENT**

*Fee amounts are adjusted annually on July 1st
The Fee amounts listed below are effective 7/1/05 through 6/30/06*

FEES APPLICABLE TO UCAA EXPANSION APPLICANTS

FEE DESCRIPTION	AMOUNT	PAYABLE TO	NOTES & EXCEPTIONS
Certificate of Authority Issuance	\$195.00	Insurance Dept	Fraternal Benefit Society = \$30.00
Annual Statement Filing	\$300.00	Insurance Dept	
Charter Document Filing	\$ 75.00	Insurance Dept	
Fingerprint Card Submission (rolled by law enforcement official)	\$ 29.00	Insurance Dept Separate Check	Fee applies to 1 st and 3 rd card for one person . No fee for 2 nd and 4 th cards.
Trade Name Registration	\$ 10.00	AZ Sec of State	Only applicable if "DBA" Name is used.
County Recording (ARS 44-1236)	various	County Recorders	Only applicable if "DBA" Name is used.
Filing Certified Copy of Articles of Incorporation and all amendments	\$175.00	AZ Corporation Commission	Not applicable to Reciprocal Insurance Exchanges.

IN ADDITION TO THE FEES ABOVE, all applicants must remit a \$100 deposit payable to the Arizona Insurance Examiners' Revolving Fund, which is refunded upon (accepted) surrender of the Arizona Certificate of Authority. A SEPARATE CHECK for this deposit is required.

FEES APPLICABLE TO UCAA AMENDMENT APPLICANTS

FEE DESCRIPTION	AMOUNT	PAYABLE TO	NOTES & EXCEPTIONS
Certificate of Authority Issuance	\$195.00	Insurance Dept	Fraternal Benefit Society = \$30.00.
Charter Document Filing - Amended	\$ 30.00	Insurance Dept	Only applies if amended Bylaws filed.
Trade Name Registration	\$ 10.00	AZ Sec of State	Only applies to add/change "DBA" Name.
County Recording (ARS 44-1236)	various	County Recorders	Only applies to add/change "DBA" Name.
Filing Certified Copy of Amended Articles.	\$175.00	AZ Corporation Commission	Redomestication or Name Change only.

Note – There is no application or fee required for a business address change. A signed letter of address change notification on company stationary is acceptable. An application is required for a statutory home office address change ONLY IF the current Arizona certificate of authority specifies the CITY AND state of domicile and the city information has changed.

DEPOSIT REQUIREMENTS

TYPE OF INSURER	AMOUNT	SPECIFICS
All types except those listed below (A.R.S. 20-213)	\$500,000	Certified by official in possession of assets; held for the benefit of ALL policyholders.
Prepaid Legal (A.R.S. 20-1097.03)	\$500,000	Eligible securities or surety bond; For the benefit and protection of all persons covered under a prepaid legal insurance contract.
Title (A.R.S. 20-1563)	Minimum \$250,000 Maximum \$750,000	Certified by official in possession of assets; held for the benefit of ALL policyholders.
Workers' Compensation (A.R.S. 23-961C)	Minimum \$100,000, plus 10% for market fluctuation.	Eligible securities or surety bond; For the benefit and protection of Arizona WC policyholders.
Health Care Services Organization (A.R.S. 20-1055 and 20-1056)	\$500,000 Initial, plus a separate quarterly reserve deposit of 2% of net charges collected up to \$1M.	Certificate of Deposit or eligible book entry securities; For the satisfaction of all debts and liabilities of the organization.
Service Corporation (A.R.S. 20-828)	\$200,000 to \$500,000 based on annual gross subscriptions collected.	Certificate of Deposit or eligible book entry securities; For the benefit and protection of all subscribers.
Prepaid Dental Plan Organization (A.R.S 20-1005)	\$25,000 to \$200,000 based on number of members.	Eligible securities or surety bond; For the benefit and protection of all members.

PREMIUM TAX RATES AND CREDITS
CALENDAR YEAR 2006

BASIS OF PREMIUM TAX COMPUTATION, A.R.S. § 20-224:

Total direct premium income including policy membership and other fees and all other considerations for insurance for all classes of business whether designated as a premium or otherwise received on account of policies and contracts covering property, subjects or risks located, resident or to be performed in this state, after deducting from such total direct premium income applicable cancellations, returned premiums, the amount of reduction in or refund of premiums allowed to industrial life policyholders for payment of premiums direct to an office of the insurer, all policy dividends, refunds, savings coupons and other similar returns paid or credited to policyholders within this state and not reapplied as premiums for new, additional or extended insurance. No deduction shall be made of the cash surrender values of policies or contracts. Considerations received on annuity contracts, as well as the unabsorbed portion of any premium deposit, shall not be subject to tax.

PREMIUM TAX RATES:

Life and Disability Insurance (Annuities Exempt)	2.0 %
Health Care Service Organizations, Pre-Paid Dental Plan Organizations and Hospital, Medical, Dental and Optometric Service Corporations.....	2.0 %
<i>Effective July 1, 1997, Accountable Health Plan Small Employer Group Health Benefits Plan Premiums are exempt from tax.</i>	
Property/Casualty, Mortgage Guaranty, Prepaid Legal Insurance:	
Fire Insurance Premiums	2.2 %
Fire Insurance Premiums Written in Qualifying Cities or Towns [A.R.S. § 20-224 (b)]	0.66 %
<i>Effective July 1, 2005, there are no incorporated cities or towns that procure the services of a private fire company.</i>	
All Other Lines (<u>Excluding</u> Fire & Workers' Compensation)	2.0 %
Vehicle Insurance Premiums - <u>In Addition to</u> the Fire Insurance (2.2% and 0.66%) tax and All Other Lines (2%) tax . (Not applicable to auto warranty contracts)	0.4312%

Title Insurers are subject to taxation on income as other private corporations in lieu of premium tax. Income taxes are payable to the Arizona Department of Revenue.

Workers' Compensation insurance premium tax is payable to the Arizona Industrial Commission, at the following rate(s):

Administrative Fund Tax A.R.S. § 23-961	3.00 %
Special Fund Tax A.R.S. § 23-1065(A).....	1.50 %
Insolvent Carrier Tax. A.R.S. § 23-966(D)	0.50 %
Apportionment Tax. A.R.S. § 23-1065(F).....	<u>0.50 %</u>
Total Tax Rate	<u>5.50 %</u>

ADDITION TO THE RATE OF TAX, A.R.S. § 20-230 AND A.A.C. R20-6-206(F):

Applicable States and rates are published on the Department's web site. All insurers domiciled in a State listed below must compute Local or Regional taxes, pursuant to Arizona Administrative Code R20-6-206(G), using the rates published below.

STATE	LIFE & DISABILITY	PROPERTY & CASUALTY
Alabama	0.280319%	0.751909%
Florida	0.028634%	0.017949%
Georgia	0.935116%	1.305323%
Illinois	0.000000%	0.000000%
Kentucky	0.930466%	0.494708%
Louisiana	0.757731%	0.562053%
Missouri	0.000000%	0.000000%
Nebraska	0.000000%	0.000000%
New York	0.000000%	0.156757%
Pennsylvania	0.000000%	0.000000%
South Carolina	0.874148%	1.114368%
West Virginia	0.011618%	0.000000%

STATE OF ARIZONA RETALIATORY STATEMENT

ALLOWABLE CREDITS AND OFFSETS:

There have been no Arizona Guaranty Fund Assessments since 1999. Therefore, no offsets are available for Calendar Year 2004.

Insurers must first be certified as eligible for Enterprise Zone or Military Reuse Zone credits by the Arizona Department of Commerce before attempting to claim such credits. Contact the Tax Unit for further assistance.

RETALIATION A.R.S. § 20-230

All taxes, fees, fines, penalties and assessments, excluding guaranty fund assessments, are retaliated in the aggregate except upon title insurers, whose taxes and fees are segregated for retaliatory purposes in accordance with A.R.S. § 20-1566(C).

CONTACT PERSONS

Please contact the following Department personnel for assistance with the subjects listed.

Cary Cook, Insurer Licensing Manager

(602) 364-3986 ccook@id.state.az.us

Admission Application Requirements, Fees and Deposits

Certificate of Authority Amendment Requirements, Fees and Deposits (if applicable)

Procedures and Fees for Filing Articles of Incorporation or Amended Articles

Rose McNabb, Compliance Section Supervisor

(602) 364-3985 rmcnabb@id.state.az.us

Annual Statement Filing Instructions and Fees

Trust Deposit Procedures and Forms

Tax Unit – Gordon Thoreson, Revenue Auditor

(602) 364-3245 gthoreson@id.state.az.us

Tax Reporting Forms and Instructions

Certificate of Authority Renewal Fees and Due Dates

Annual Tax Report Filings

Installment Tax Report Filings

Tax Rates, Offsets and Credits

Tax Report Amendments, Refund Claims

Late Tax Payment Penalty and Interest